



Janice K. Brewer, Governor
Anthony D. Rodgers, Director

Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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January 30, 2009

Carolyn Rose
Chief Executive Officer
Health Choice Arizona
410 N. 44th St., Ste. 900
Phoenix, AZ 85008

Notice to Cure

Dear Ms. Rose:

In accordance with the terms of the Health Choice Arizona (HCA) Contract with the Arizona Health Care Cost Containment System (AHCCCS), failure to meet Performance Standards specified in the Contract (Section D-24, Performance Standards) may result in AHCCCS enforcement of the terms by any and all means established in the Contract (Sections D-24 and D-72, Sanctions).

In July 2007, HCA was advised that, if it failed to meet the Minimum Performance Standard (MPS) for any Performance Measure related to clinical quality based on the measurement period of CYE 2007, AHCCCS may impose a sanction in the amount of \$100,000 for each measure for which the Contractor's rate was below the MPS. AHCCCS also advised HCA that it may pend any sanction(s) from the CYE 2007 measurement period until results for the measurement period of CYE 2008 are reported in 2009.

Due to the circumstances described below, HCA is hereby issued a Notice to Cure.

HCA has failed to meet Minimum Performance Standards for the following Clinical Quality Performance Measures for the Medicaid population, based on the measurement period of CYE 2007:

- Well Child Visits in the First 15 Months of Life
- Children's and Adolescents' Access to Primary Care Practitioners (PCPs), 12 – 24 Months
- Children's and Adolescents' Access to PCPs, 25 Months – 6 Years
- Children's and Adolescents' Access to PCPs, 7 – 11 Years
- Children's and Adolescents' Access to PCPs, 12 – 19 Years
- Adolescent Well-Care Visits
- Breast Cancer Screening
- Adults' Access to Preventive/Ambulatory Health Services, 20 – 44 Years
- Adults' Access to Preventive/Ambulatory Health Services, 45 – 64 Years
- Chlamydia Screening, 16 – 25 Years

The attached document shows all of HCA's rates for Healthcare Effectiveness Data and Information Set (HEDIS) Performance Measures for the three most recent measurement periods, compared with the applicable Minimum Performance Standards. Future sanctions may apply to measures of the Medicaid population for which the Contractor did not meet the MPS for the measurement period of CYE 2007, reported in 2008. For childhood immunization measures, a sanction may be applied only to the 4:3:1:3:3 series, rather than to measures of individual vaccines or other series.

In August 2007, HCA was required to submit to AHCCCS a thorough evaluation of the corrective actions currently in place for measures for which it had not met the MPS, including Children's Access to PCPs, Breast Cancer Screening, Cervical Cancer Screening, Adults' Access to Preventive/Ambulatory Health Services and Childhood Immunizations. **Using the same format, HCA must resubmit its Corrective Action Plans (CAPs) and Evaluations for Children's and Adolescents' Access to PCPs (by age group), Breast Cancer Screening and Adults' Access to Preventive/Ambulatory Health Services (by age group).** It should document the status of all CAP activities to date, any additional interventions implemented since August 2007, an evaluation of the effectiveness of all activities/interventions based on analysis of data and trends, and a determination as to whether the intervention will continue or be replaced with another intervention in order to improve the effectiveness of the CAP.

HCA also must submit new CAPs, in the required format, with an evaluation of all interventions currently in place to improve the following measures:

- Well Child Visits in the First 15 Months of Life
- Adolescent Well-Care Visits
- Chlamydia Screening, 16 – 25 Years

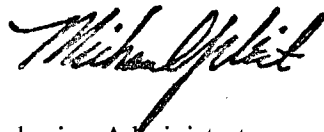
All required Corrective Action Plans must be submitted to the AHCCCS Division of Health Care Management (DHCM), Clinical Quality Management (CQM) Unit, by February 27, 2009.

In addition, AHCCCS may impose a sanction in the amount of \$100,000 for each measure for which the Contractor's rate is below the MPS, based on the CYE 2007 measurement period, for a total sanction amount of \$1,000,000. AHCCCS may abate the sanctions, based on results for the measurement period of CYE 2008, which will be reported in 2009. If, at that time:

- the Contractor has failed to meet the MPS for any measure for both years, AHCCCS will assess a sanction in the amount of \$200,000 per measure (\$100,000 per measure, per year).
- the Contractor did not meet the MPS for the measurement period of CYE 2007, but improves its rate for the measurement period of CYE 2008, AHCCCS will not impose a sanction for that measure.
- the Contractor met the MPS for the measurement period of CYE 2007, but fails to meet the minimum standard for the measurement period of CYE 2008, AHCCCS may impose a sanction in the amount of \$100,000 per measure.

If you have any questions about this matter, please contact Kim M. Elliott, PhD, CPHQ, Administrator, Clinical Quality Management, at (602) 417-4782.

Sincerely,



Michael Veit
Contracts and Purchasing Administrator

cc: Molly Greenwade, Compliance Officer, Health Choice Arizona

HCA

	Measure	Rate Reported in 2006 (rates in bold are below MPS)	CYE 2006 MPS	Rate Reported in 2007 (rates in bold are below MPS)	CYE 2007 MPS	Rate Reported in 2008 (rates in bold are below MPS)	CYE 2008 MPS	Statistically significant change from the previous measurement?
1	Well-Child Visits, First 15 Months *	49.4	70	59.3	70	59.3	70	No
2	Well Child Visits, 3-6 Years Medicaid *	59.5	55	55.6	56	59.0	56	s/s ↑
3	Well Child Visits 3-6 Years KidsCare *	69.7	55	60.7	56	65.6	56	s/s ↑
4	Children's Access to PCPs - Medicaid, 12-24 months *	83.9	79	80.5	85	82.1	85	No
5	Children's Access to PCPs - Medicaid, 25 months-6 years *	76.2	79	72.7	78	74.6	78	s/s ↑
6	Children's Access to PCPs - Medicaid, 7-11 years *	74.1	79	71.9	77	73.3	77	No
7	Children's Access to PCPs - Medicaid, 12-19 years *	77.2	79	73.6	79	75.3	79	s/s ↑
8	Children's Access to PCPs - KidsCare, 12-24 months *	95.7	79	85.7	85	91.3	85	No
9	Children's Access to PCPs - KidsCare, 25 months-6 years *	84.3	79	74.6	78	79.5	78	s/s ↑
10	Children's Access to PCPs - KidsCare, 7-11 years *	82.8	79	82.2	77	82.4	77	No
11	Children's Access to PCPs - KidsCare, 12-19 years *	85.9	79	82.5	79	86.8	79	s/s ↑
12	Annual Dental Visits - Medicaid	55.2	49	56.0	51	57.9	51	N/A due to HEDIS change
13	Annual Dental Visits - KidsCare	66.0	49	68.8	51	67.3	51	N/A due to HEDIS change
14	Adolescent Well-Care Visits - Medicaid *	32.6	32	31.1	37	35.4	37	s/s ↑
15	Adolescent Well-Care Visits - KidsCare *	41.1	32	39.3	37	45.8	37	s/s ↑
16	Timeliness of Prenatal Care	62.3	62	78.3	70	77.0	70	No
17	Breast Cancer Screening	42.8	57	40.5	50	41.1	50	No
18	Cervical Cancer Screening	57.5	61	58.1	57	60.5	57	s/s ↑

19	Adults' Access to Preventive Health Services, 20-44 Yrs	77.0	80	75.9	78	77.7	78	s/s ↑
20	Adults' Access to Preventive Health Services, 45-64 Yrs	80.3	80	80.6	83	81.4	83	No
21	Chlamydia Screening, 16-25 Yrs	47.2	N/A	49.4	43	39.3	43	s/s ↓
22	Childhood Immunizations - 4:3:1:3:3 Series, Medicaid	50.1	70	62.1	70	83.3	74	N/A due to HEDIS change
23	Childhood Immunizations - 4:3:1 Series, Medicaid	70.7	80	80.4	80	84.3	N/A	N/A
24	Childhood Immunizations - DTaP, Medicaid	74.2	83	82.6	83	85.1	85	N/A due to HEDIS change
25	Childhood Immunizations - Polio, Medicaid	85.5	89	93.0	89	91.7	90	N/A due to HEDIS change
26	Childhood Immunizations - MMR, Medicaid	92.0	90	92.1	90	92.9	90	N/A due to HEDIS change
27	Childhood Immunizations - Hib, Medicaid	82.2	76	74.3	76	91.8	86	N/A due to HEDIS change
28	Childhood Immunizations - HBV, Medicaid	67.2	82	87.0	82	92.9	90	N/A due to HEDIS change
29	Childhood Immunizations - VZV, Medicaid	84.6	77	81.8	77	89.7	86	N/A due to HEDIS change
30	Childhood Immunizations - 4:3:1:3:3 Series, KidsCare	50.0	70	67.4	70	90.6	74	N/A due to HEDIS change
31	Childhood Immunizations - 4:3:1 Series, KidsCare	73.8	80	80.4	80	92.2	N/A	N/A
32	Childhood Immunizations - DTaP, KidsCare	77.5	83	84.8	83	93.3	85	N/A due to HEDIS change
33	Childhood Immunizations - Polio, KidsCare	88.8	89	91.3	89	97.8	90	N/A due to HEDIS change
34	Childhood Immunizations - MMR, KidsCare	95.0	90	95.7	90	97.8	90	N/A due to HEDIS change
35	Childhood Immunizations - Hib, KidsCare	83.8	76	84.8	76	99.4	86	N/A due to HEDIS change
36	Childhood Immunizations - HBV, KidsCare	63.8	82	82.6	82	97.2	90	N/A due to HEDIS change
37	Childhood Immunizations - VZV, KidsCare	91.3	77	87.0	77	96.1	86	N/A due to HEDIS change

Notes:

* Programming of these measures for reporting in 2007 and 2008 was modified to better conform to HEDIS.

Rates for dental services for 2006 and 2007 are based on ages 4 to 21, while rates for 2008 are based on ages 2 to 21

Immunization rates reported in 2008 reflect less restrictive HEDIS criteria on timing of most antigens